

**REPORT OF THE AUDIT OF THE  
CHRISTIAN COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2005**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE CHRISTIAN COUNTY SHERIFF**

**For The Year Ended  
December 31, 2005**

The Auditor of Public Accounts has completed the Christian County Sheriff's audit for the year ended December 31, 2005. Based upon the audit work performed, the financial statements present fairly, in all material respects, the revenues, and expenditures of the Sheriff and the revenues, expenditures, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected are deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected are deposited to the county government fund and paid quarterly to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

The Christian County Sheriff had total receipts of \$1,631,213, which was a \$67,323 increase from the prior year. Except for reimbursed expenses in the amount of \$54,318 and fiscal court contributions of \$675,000 the Sheriff paid 25% of receipts to the Christian County Fiscal Court in the amount of \$116,671. This was an increase of \$8,831 from the prior year. In addition, operating fund expenditures increased by \$72,985.

#### **Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities.



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CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Steve Tribble, Christian County Judge/Executive  
Honorable William E. Gloyd, Christian County Sheriff  
Members of the Christian County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues and expenditures - regulatory basis of the Sheriff of Christian County, Kentucky, and the statement of revenues, expenditures, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer - regulatory basis for the year ended December 31, 2005. These financial statements are the responsibility of the Sheriff. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff prepares the financial statements on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the revenues and expenditures of the Sheriff and the revenues, expenditures, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 2005, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated August 21, 2006 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Steve Tribble, Christian County Judge/Executive  
Honorable William E. Gloyd, Christian County Sheriff  
Members of the Christian County Fiscal Court

This report is intended solely for the information and use of the Sheriff and Fiscal Court of Christian County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
August 21, 2006



CHRISTIAN COUNTY  
WILLIAM E. GLOYD, SHERIFF  
STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS

For The Year Ended December 31, 2005

Revenues

State Fees for Services		\$	235,396
Circuit Court Clerk			8,144
Fiscal Court			675,000
County Clerk			11,740
Commission on Taxes			612,311
Fees Collected for Services:			
Auto Inspections	\$	29,405	
Accident and Police Reports		3,659	
Serving Papers		41,326	
Carrying Concealed Deadly Weapon Permits		14,760	
Sheriff's Tax Advertising Fees		1,776	
Sheriff's Fees - Tax Collections		32,743	123,669
Other Revenues:			
Building Fund Fees		16,977	
Miscellaneous		7,178	24,155
Interest Earned			9,219
Total Revenues			<u>1,699,634</u>

Expenditures

Payments to State:			
Carrying Concealed Deadly Weapon Permits			11,053
Payments Made To County:			
Building Fund Fees			16,977
Other Expenditures:			
Transporting Fugitives		40,301	
Miscellaneous		90	40,391
Total Expenditures			<u>\$ 68,421</u>

The accompanying notes are an integral part of the financial statements.

CHRISTIAN COUNTY  
WILLIAM E. GLOYD, SHERIFF  
STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS  
For The Year Ended December 31, 2005  
(Continued)

Net Revenues		1,631,213
Payments to State Treasurer:		
75% Operating Fund	\$ 1,514,542	
25% County Fund	<u>116,671</u>	<u>1,631,213</u>
Balance Due at Completion of Audit		<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.

CHRISTIAN COUNTY  
WILLIAM E. GLOYD, SHERIFF  
STATEMENT OF REVENUES, EXPENDITURES, AND  
FUND BALANCES OF THE SHERIFF'S OPERATING FUND  
AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS

For The Year Ended December 31, 2005

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 2005	\$ 222,740	\$	\$ 222,740
<u>Revenues</u>			
Fees Paid to State - Operating Funds (75%)	1,514,542		1,514,542
Fees Paid to State - County Funds (25%)		116,671	116,671
Total Funds Available	1,737,282	116,671	1,853,953
<u>Expenditures</u>			
Christian County Government		116,671	116,671
Personnel Services-			
Official's Salary	86,234		86,234
Deputies' Salaries	718,630		718,630
Part-time Salaries	29,333		29,333
Training Incentive	3,194		3,194
Employee Benefits-			
Employer's Share Social Security	60,000		60,000
Employer's Share Retirement	62,758		62,758
Employer's Paid Health Insurance	192,851		192,851
Other Payroll Disbursements	9,104		9,104
Contracted Services-			
Advertising	11,064		11,064
Audit Services	10,853		10,853
Data Processing Services	4,894		4,894
Rentals	3,792		3,792
Materials and Supplies-			
Office Materials and Supplies	4,154		4,154
Uniforms	978		978
Other Charges-			
Conferences	740		740
Dues	1,809		1,809
Jury Meals	108		108

The accompanying notes are an integral part of the financial statements.

CHRISTIAN COUNTY  
WILLIAM E. GLOYD, SHERIFF  
STATEMENT OF REVENUES, EXPENDITURES, AND  
FUND BALANCES OF THE SHERIFF'S OPERATING FUND  
AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS  
For The Year Ended December 31, 2005  
(Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Expenditures</u> (Continued)			
Other Charges- (Continued)			
Other Maintenance and Repair	\$ 641	\$	\$ 641
Postage	6,158		6,158
Printing, Stationery	961		961
Telephone	3,976		3,976
Tires and Tubes	3,424		3,424
Travel	3,073		3,073
Miscellaneous	169		169
Auto Expenses-			
Gasoline	59,775		59,775
Vehicle Maintenance and Repairs	14,156		14,156
Capital Outlay-			
Law Enforcement Equipment	14,137		14,137
Vehicle Lease Payments (See Note 4)	60,571		60,571
Total Expenditures	<u>1,367,537</u>	<u>116,671</u>	<u>1,484,208</u>
Fund Balance - December 31, 2005	<u>\$ 369,745</u>	<u>\$ 0</u>	<u>\$ 369,745</u>

The accompanying notes are an integral part of the financial statements.

CHRISTIAN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount due from the Sheriff as determined by the audit.

KRS 64.350 establishes that a fee official in counties with a population over 70,000 has two funds with the State Treasurer for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and paid to the fiscal courts, urban-county governments, or consolidated local governments of the respective counties quarterly no later than April 15, July 15, October 15, and January 15. These funds are closed at the end of each official term by paying the balances to the respective county government.

The financial statements have been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31:

- Interest receivable
- Collection on accounts due from others for 2005 services
- Reimbursements for 2005 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2005
- Payroll expenditures incurred but not paid

The Attorney General issued a letter which stated that some revenues of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are treated as revenue in the 75 percent fund.

CHRISTIAN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2005  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.48 percent for the first six months and 10.98 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Sheriff does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 41.240(4). As of December 31, 2005, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Vehicle Lease Payments

The office of the Sheriff makes the lease payments on lease agreements for sheriff vehicles which are included in Christian County's financial statements. The county is listed as the lessee on the leases.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Steve Tribble, Christian County Judge/Executive  
Honorable William E. Gloyd, Christian County Sheriff  
Members of the Christian County Fiscal Court

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements - regulatory basis of the Christian County Sheriff for the year ended December 31, 2005, and have issued our report thereon dated August 21, 2006. The Sheriff's financial statements are prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Christian County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Christian County Sheriff's financial statements as of December 31, 2005, are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and the Kentucky Governor's Office for Local Development and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
August 21, 2006

